

AB 239



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## Money for nothing, Czechs for free

by Missy Baxter, contributor \* • 03 Oct 2006

To submit a comment about this article, please e-mail the editor, Tracy Kitten.

You are visiting a foreign country and use an ATM to withdraw cash from your account back home. Are you hit with a surcharge fee? It depends on where home is.

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Individuals with U.S. accounts who routinely travel abroad pay a surcharge on their transactions. Even soldiers pulling a tour overseas incur the fee. According to military newspaper Stars & Stripes, some service personnel on bases in Germany have paid 2 percent for bills at the cash dispenser.

But for those visiting the United States, ATM cash withdrawals are on whoever owns the ATM. The visitor pays nothing unless he is in one of a small number of states that have enacted special laws to address surcharging international ATM users.

The matter has many elected officials saying, "No way, José."

"Florida businesses are losing thousands of dollars per month," said J. Michael (Mickey) Brown, president of First Bank and Trust of New Orleans and an active member of the ATM Industry Association. "They are supplying a service to international users and aren't able to recoup the cost to provide that service."

He estimates many ATMs in the state, 34 percent of which are owned by mom-and-pop operations, lose up to \$3,000 a month in fees. "It's a direct cost to those businesses," Brown said.

This summer, Florida became the 17th state to pass a bill that would enable the state's ATM deployers to apply the same charges to people who access foreign accounts as they do to people who access U.S. accounts.

"Once it was explained (to legislators) about the discrimination occurring with regard to Florida businesses, it wasn't a hard sell," Brown said.

### **The 'express' line**

Visa's and MasterCard's rules prohibit surcharging foreign users except where state law "expressly" allows ATM

deployers to do so. The two companies are particular about how "express" the wording is, too. In Utah, a law that addresses surcharging and foreign users is being challenged by the two networks, who contend the law is vague on the point, said Rep. Jennifer Carroll (R-Florida), the sponsor of the Florida bill.

Because Carroll used wording from the Utah law in her bill, which was due to become law July 1, legislators believed it prudent to have a new bill drafted and passed before sending it to Gov. Jeb Bush for signing.

"It's a matter of whether the bill says that ATM owners 'may' or 'may not' be able to charge the fees," she said. "After we fix the wording, I don't think we'll have any trouble."

But why the resistance to the surcharge in the first place?

Collecting fees from international users "negatively impacts the Plus brand on a global basis," a spokesperson for Visa said.

According to Visa, the surcharging line in its operating rules is meant to avoid confusion, since international cardholders rarely encounter surcharges on ATM withdrawals they make at home.

But some say the argument is hard to support since ATM surcharging is quickly spreading throughout the world. Look at countries such as the United Kingdom, South Africa, Australia and Mexico, they say, where an increasing number of independents is now placing off-premises ATMs that charge a fee for use.

### On a quest for equality

Lana Harmelink, international operations director for ATMIA, says international surcharge fees are vital. Without them, many small independent operators won't survive.

"The U.S. ATM market is decidedly different than anywhere else in the world, because most off-premise(s) ATMs in this country are owned by non-financial entities," she said. "Denying these non-financial ATM owners/operators the ability to assess a surcharge on U.S. ATM transactions initiated by an international cardholder requires those owners/operators to provide a valuable service to a customer with little to no resulting revenue."

Besides, she said, independent deployers in the United States pull a lot less from interchange than international operators. In addition, the amount of interchange that a non-financial ATM owner/operator receives on each ATM transaction is much less than that received by financial institutions.

"It is our understanding that in many parts of the world the amount of interchange that the ATM operator receives on transactions involving an international transaction, and thus subject to the International Surcharge Rule, is significantly higher than that typically generated in the U.S.," she said.

In states like Florida, New York and California — where the economic impact of tourism adds up to millions of dollars each year — the additional surcharges would generate higher profits for ATM owners.

Florida was the third most-popular U.S. destination for overseas visitors last year, according to data compiled by the U.S. Office of Travel and Tourism Industries. Florida hosted nearly 4.5 million foreign tourists, while California drew almost 5 million and New York, the No.1 tourist destination, topped 6 million.

### Surcharge-friendly states

✓ This summer, Florida became the 17th state to enact foreign-surcharge friendly legislation.

✓ Others include:

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